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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 000906

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SUBJECT: AS CAMPAIGN STARTS, PRESIDENT YUDHOYONO OUT IN FRONT

REF: JAKARTA 00861 AND PREVIOUS

Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

¶1. (C) SUMMARY: Indonesia's Presidential candidates are already stumping across the country. President Yudhoyono remains ahead of the competition in the polls, although the election is still nearly two months away with many bumps ahead for all the candidates. Former President Megawati is still his main challenger, but the impact of her controversial choice for running mate is unclear. Vice President Jusuf Kalla, meanwhile, is trailing, but his stronger draw with the Islamic community could increase his appeal with voters. END SUMMARY.

YUDHOYONO OUT IN FRONT

¶2. (C) As three pairs of candidates gird themselves for the campaign battle ahead, President Yudhoyono and his running mate former Central Bank Governor Boediyono (one name only) are ahead.

¶3. (C) Yudhoyono has some obvious advantages, not least of which is the fact he is the only candidate with charisma. He also has a solid war chest and a good campaign team. He has an established record of promoting economic growth and an as yet unsullied reputation of clean governance. He could win with his personal traits alone. Running mate Boediyono, a highly respected economist and a devout Muslim, despite his secularist views, strengthens Yudhoyono's reputation for clean government and sound policy to grow the economy. Most importantly, they have 23 of the 38 political parties in their coalition.

¶4. (C) Nonetheless, there are some drawbacks to Boediyono as VP pick. Some Islamic-oriented political parties and interest groups, particularly the Prosperous Justice Party (PKS), initially resisted the decision. They preferred a more strongly Islamic-oriented candidate, such as Minister of Home Affairs and current head of the campaign team Hatta Rajasa, a member of Islamic-oriented National Mandate Party (PAN). Most difficult for the U.S.-educated Boediyono has been having to fend off a barrage of criticisms that he is a "neo-liberal" favoring western interests over Indonesian nationalism. These same populist critics also claim he is too close to the U.S. He also carries no political weight as a non-party member. Furthermore, he does not provide the geographical balance traditional in Indonesian presidential tickets, since, like President Yudhoyono, he is from Java.

¶5. (C) Although it is still early in the race, the following May survey results put the Yudhoyono ticket in the lead. (Note: The two polls below use different methodologies and have different results; experts consider LSI Indonesia's most reputable survey institute. LRI is owned by the Johan

Foundation, which runs the Kalla campaign.)

	LSI	LRI
Yudhoyono/Boediyono	70	32
Megawati/Prabowo	21	20
Kalla/Wiranto	3	27.3

MEGAWATI SEEN AS MAIN CONTENDER

16. (C) Megawati is still seen as the main contender (though LRI results put Kalla ahead). She has historical resonance as the daughter of Sukarno, Indonesia's first president, while her party, the Indonesian Democratic Party of Struggle (PDI-P), has an extensive grassroots network. However, many found her record as President lackluster. She has run and failed twice since then; some are surprised that she insists on running again. Her vice-presidential candidate, Prabowo Subianto, is also a mixed bag. Despite deep coffers and his links with farmers and fishermen through various associations, his past human rights abuses and reputation for unpredictable behavior make him an odd partner for Megawati, who suffered from oppression under the dictator Suharto. Megawati, however, had no alternatives to get the votes necessary for a presidential nomination, since PDI-P won only 14% in the April 9 legislative elections.

CURRENT VP TRAILS BEHIND BUT ISLAMIC ROOTS COULD PULL IN MORE VOTERS

17. (C) Vice President Kalla is an astute businessman and has accomplished much during the Yudhoyono administration, including his impressive role in peacemaking in Aceh and the

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Malaccas. However, he is not charismatic and polls reflect his lackluster reputation. Moreover, his move to force Golkar's break with President Yudhoyono's Partai Demokrat (PD) in order to preserve his hold on party power has thrown the party he leads, Golkar, into disarray (see reftels). Rumblings of discontent spilled over into a secret Golkar meeting May 19 with one faction reportedly trying to oust Kalla. His partner, Wiranto, who like Prabowo also is infamous for past human rights abuses, added little to the coalition. Kalla's political base remains small (only Golkar and Wiranto's Hanura Party are in the coalition).

18. (C) Despite his shaky start and limited popularity, Kalla could still gain ground in the race, as his ticket has several advantages. Golkar has strong networks, deep-pocketed business members, and historical longevity. More importantly, his ties to Nadlatul Ulama (NU), and Muhammadiyah, the two largest Islamic organizations in Indonesia, could help draw in more voters. Both his wife and his running mate's wife cover their heads with the traditional Indonesian Muslim "jilbabs", while opponents Yudhoyono and Boediyono have wives who do not. Significantly, Shafi Maarif, head of NU, recently attended a Kalla-Wiranto rally.

SECOND ROUND?

19. (C) Several well-respected analysts are speculating that if his popularity holds and Kalla and Megawati fail to gain ground, Yudhoyono may knock out his competitors in the first round and get more than 50% of the vote. Should Yudhoyono win as strong a victory on July 8 as the polls and pundits are predicting, a second round (slated for September) might not be necessary. However, a three-way race will make it harder for Yudhoyono to get a majority of the votes, and it is still too early to tell in this dynamic democracy how the vote will go on July 8.

NORTH